Foreword

Men of good will who are content to sit on their hands silently hoping that nothing will rock the boat are seemingly unaware that the use of their oars might stay the foundering craft; these men are not leaders, nor are they followers.
James Silver

Whether he works in a business or in a hospital, in a government agency or in a labor union, in a university or in the army, the executive is, first of all, expected to get the right things done.
Peter Drucker

Keep on trucking.
Anonymous

Not to decide is to decide.
Harvey Cox

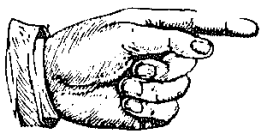
Business as usual during alterations

Even at its best, January is a challenge. Offices, at energy-saving temperatures, can be cheerless and chilly. Lit with half their bulbs, halls are dim. The drinking water is warm, the tap water is cold. There is a strong temptation to clutch one's coffee mug and survey one's "in" basket with disinterest.

Transition periods compound the January tendency to delay, deter, re-evaluate after further study—in short, to do as little as possible—on the theory that "the new people" will want to do everything differently. Normal mid-winter sluggishness is aggravated by the temptation to speculate upon the loftier problems of state (Who's "in"? Who's "out"?) while the day-to-day business of government slides along untended.

Luckily, the basic operations of government are just that: basic. They go on because they are based on the needs of the people, which continue to exist, regardless of who's "in" or "out."

For government managers, that continuing need is what provides day-to-day direction and motivation until clear signals are received from new people at the top. And it is that need that provides the incentive to conduct business as usual during alterations.



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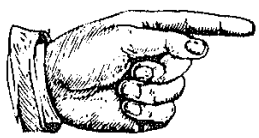

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The Senior Executive Service:

By Barbara Cohn and Darleen Fisher

How do you get **there** from here?

The Senior Executive Service, established July 13, 1979, now contains 8,500 positions in the executive branch which were formerly available at GS-16, 17, and 18, and Levels IV and V (or not

men and women in the SES administer programs at the level just below presidential appointments. Non-supervisory positions are not covered unless they have other executive responsibilities. Although most SES members are career civil servants, some of these senior executives are noncareer or "political" appointees.

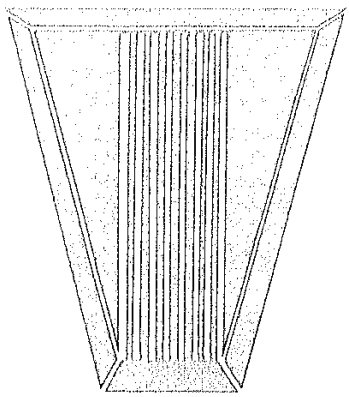
The SES is a gradeless system. Salary and career status belong to the senior executive, and do not depend on the position occupied. Once they have served a one year SES probation, career executives can take on positions at the highest levels of responsibility with full tenure.

Although both career and noncareer executives are SES members, the number of noncareer executives is limited by law to 10 percent of total SES strength Government-wide. Proportions of noncareer appointments may vary among agencies within the overall 10 percent limit; some have none, while others have up to 25 percent.

Incumbents of SES positions are held accountable for program accomplishment. Those who are successful are rewarded; if they have SES career status, those who are not successful are reassigned to positions outside SES, while retaining tenure and salary protection. SES members who do not have career status may be removed at the pleasure of the agency head.

The average turnover rate of career people at the level now covered by the SES has characteristically been about 10 percent, a figure that can vary a great deal for any given year and from one agency to another. Information indicates that about half of the current Senior Executives will be eligible for retirement in the next five years. Furthermore, rapid advancement for a number of mid managers may be more rapid than usual as the post World War II hiring bulge exits from the system in the next few years. Since such rapid advancement may sometimes be at the expense of adequate experience and preparation, executive development programs can provide some missing breadth and depth.

Even with the possibility of substantial rapid advancement, only about one in four of those in Grade 15 will ever enter the SES. While many may aspire to executive jobs, most will serve out their careers in senior management positions below the SES level.



low To Enter

here are several ways to enter the ES: 1) career appointment based n successful managerial experi- nce or special qualities that rongly indicate a likelihood of xecutive success; 2) career ap- ointment following the successful ompletion of an approved SES ndidate development program, 3) oncareer appointment and limited ppointment for those outside the areer civil service.

lerit Staffing for Specific 'ES Positions:

y law, no less than 85% of SES ppointments Government-wide ust be career appointments. All ES career appointments must be ade following the merit principle f open competition under proce- ures conducted by an agency's Ex- cutive Resources Board. These oards, composed of agency high- vel officials, are responsible for gency executive development pro- rams and SES appointments.

One way of obtaining a career ES appointment is to compete for specific agency position. If you ke this route, you must apply for e specific position, compete with ther applicants and be selected by e recruiting agency. The SES osition vacancy announcement will ive you details about who may ap- ly, how to apply for the position, uties of the job, mandatory and esirable technical and managerial ualifications, and procedures and eadlines for applications. SES Position Vacancy Announcements are available at agency personnel offices. A weekly Government-wide listing of SES vacancies, compiled in OPM's "SES Position Vacancy Announcement," is available in agency personnel offices, OPM Job Information Centers, and State Employment Service offices. It is also reprinted in some commercial publications.

If you are selected by an agency, your executive/managerial competencies must then be certified by a Qualifications Review Board, a panel with rotating SES membership and charged by law with maintaining SES excellence.

The Qualifications Review Board will consider your competence in six executive activity areas:

1. Integration of internal and external program/policy issues
2. Organizational representation and liaison
3. Direction and guidance of programs, projects, or policy development
4. Resource acquisition and administration
5. Use of human resources
6. Review of implementation and results

The Board also may make this certification based on actual experience or, rarely, consider an agency's request to certify someone who has special or unique qualities that indicate a likelihood of executive success. Some 15 to 29 percent of board clearances carry recommendations for additional training and development. And some selections are turned down for inadequate executive or managerial qualifications.

Executive Development Programs

Another way to obtain a career SES appointment is through satisfactory completion of an agency SES candidate development program that has been approved by the Office of Personnel Management. Although completing such programs does not guarantee an SES position, completing a program is accepted by Qualifications Review Boards as evidence of managerial competence sufficient to enter the SES. Also, selection for the program meets competitive requirements, so that an agency may give any program graduate a career appointment to the SES without further competition.

All agencies are required to provide executive development gran

provide individualized developmental opportunities for candidates to achieve or strengthen competency in each of the six executive areas mentioned above. The Office of Personnel Management has set up a centralized program for candidates from smaller agencies that do not have resources to provide programs of their own. A graduate of any approved program, certified by

AN INTERVIEW WITH CONGRESSMAN EDWARD J. DERWINSKI

"...THE FIRST YEARS HAVE BEEN A POSITIVE STEP"

Congressman Edward J. Derwinski (R-Ill.), the ranking minority member on the House Post Office and Civil Service Committee, played a key role in passage of the Civil Service Reform Act of 1978. He was honored for his efforts in support of the legislation when the Udall-Derwinski Award, to be given annually by the Office of Personnel Management for excellence in civil service reform implementation, was named for him and for Congressman Udall of Arizona.

Last summer, the Congressman staunchly opposed an attempt in the Congress to drastically limit payment of bonuses to approximately 5 percent of the Senior Executive Service, when the original legislation had allowed for payment to up to 50 percent of the SES membership.

Interviewed during the final week of the 96th Congress—a week characterized by all-night debates and unsuccessful efforts at cloture—Congressman Derwinski discussed his impressions of reform at a pivotal point, looking back on early implementation and forward to a new Administration.

Q. The Civil Service Reform Act became effective about two years ago. What do you feel about progress in implementing it? Do you see any effects, either positive or negative?

A: I think it's too early to judge. It's very premature for anyone to pass judgment on a law that complex when its only been in operation a relatively short time. Those of us who would tend to hope it works really don't have enough evidence to say that we have written an act that is functioning perfectly. On the other hand, critics tend to be simplistic in shooting at it. It's very impractical, unfair to all concerned, to pass any profound judgements yet. I think over all it is an effective instrument for management of the Federal government and that was the intent of the law. So I'm satisfied that the first years have been a positive step.

Q: There have been reports that some people on the Hill are having misgivings about the

whole SES bonus system. Do you think that there may be Congressional debate on that, this session?

A: I suppose so, mostly during the appropriation process. I think there will be efforts to restrict the funds for bonuses. Again, I think that's a premature thing. The purpose of the bonus system was to provide an incentive that otherwise is lacking in the Federal personnel structure. I think the concept is good. The only question is that the bonuses be allocated fairly and properly. I don't say this to be critical, I say this because I think it's a fact: there's an unfortunate factor of cronyism. How you irradicate that is something we will have to work at. The bonus system is an in-house thing; as a result of that, personalities are a factor. But I don't think there's anything wrong with the concept of some bonus for unusually effective service by an individual or series of individuals. I don't think the bonus system as such should be changed. There may be an effort to put a little cap on it or to reduce the number of bonuses or put in some controls. I don't know how you could bring in any outside independent appraiser to do it. You've got to have an in-house perspective. Again, I think it's a good concept. I don't like to see it prematurely ripped apart.

Q: It has been suggested that agencies include at least one person from another agency on their performance review boards.

A: I think that will be fine as long as they do it in such a way that this person is either a specialist and can do this quite expeditiously or in such a way that they don't set up a new layer of judges that is really not needed at this point.

Q: Some organizations that have given bonuses, including the Small Business Administration and the National Aeronautics and Space Administration, have gotten a lot of bad press. Do you think that might influence people on the Hill?

A: I'm afraid it does. I think the stories in the press were premature, exaggerated and cheap shots. It is so easy to make a target of something like that. Some eager staff types prep their boss to take on this evil monster called "The Bonus System." The whole scenario is frantic attack based on partial information. You create an atmosphere where it's easy in the House or Senate to vote against the bureaucracy. You vote against the top level bureaucrats and politically it's a clever thing to do.

Q: In those agencies, the position seems to be that the legislation gave them certain tools to manage people with and they're going to use them. Now they feel a little bit as though the rug's been pulled out from under them.

A: I didn't study the SBA case, but I did study NASA and I would have been disappointed if NASA didn't have people who warranted bonuses. I have always had a high regard for NASA's proficiency and their achievements over the years. We ought to have talented people in the space program. If we didn't have talented people, I would be shocked. And if they are as talented as I would like them to be, somebody there deserves a good bonus. I wasn't at all upset with the NASA situation.

Q: Both Carter and Reagan seem to have run "against the bureaucracy." Do you have any clues as to the attitude the new administration has about the bureaucracy?

A: I think the Reagan people are against the bureaucracy in the sense of its size, not its individual people. They are really against over regulation. To the extent that they could be successful in getting legislation to further the momentum for deregulation, I think part of the deregulation process will include trimming the bureaucracy. If you deregulate, you need fewer bureaucrats involved in regulation. I see nothing inconsistent with deregulation goals in trimming the bureaucracy and at the same time having a positive healthy attitude towards the people who form the bureaucracy. I don't think there's anything inconsistent with asking them to be productive and effective and still making the efforts necessary to cut costs by reducing personnel. The Reagan people ran against the bureaucracy in the sense of the burden that the public feels is placed upon it. I don't think they will be particularly difficult to work with.

Q: Do you think that merit pay can be implemented by the October 1981 deadline?

A: I think it's a good management tool and if you didn't have a target date you'd never get done. Target dates are necessary to force the moves to bring about changes. So I think the target date is reasonable.

Q: Have you been getting any feedback about the amount of the paperwork involved in it?

A: Yes, there have been some complaints. We are going through the process. We have to sort all that out yet. Over the years we will shake this thing down to where it works more smoothly. Time will cure that.

Q: Do you have any comment on recent reports that merit pay has not been a success at the Postal Service—that it lacks credibility?

I think government union leaders don't really work for the best interests of the employees—their interest is in building their own power.

Q: Do you see any likelihood of modifying civil service reform legislation in any way during this administration?

A: I think it is too premature. I think Congress ought to spend at least two or three more years in legislative oversight. Then if there

are changes in the Act, it ought to come after detailed study, not changes now that would be based on partial evidence.

Q: How about pay reform?

A: I think the concept of pay reform is sound. I'm sorry that Mr. Carter became preoccupied and couldn't push it harder. I also understand that he had squeezed out quite a bit of support from some of the unions to get civil service reform, and pay reform was more than they wanted to swallow. Obviously, if Carter had been reelected, we would have had a push for pay reform. I think the concepts are those that Reagan's people will embrace.

Q: Will pay reform be reintroduced?

A: I think it will be reintroduced when the Reagan people get a feel for what they really face. They have some basic ideas on pay reform, keeping in mind their goal of a more efficient, less burdensome type of bureaucracy. Pay reform is a management tool needed to promote efficiency. I would see no reason why they couldn't at least take a good hard look at it.

Q: Do you anticipate any changes in the Hatch Act?

A: I don't think there will be any changes in the Hatch Act. I don't find any great demand by rank and file Federal employees to have the Hatch act repealed. I think the demand comes from the union leaders who think this is going to give them political muscle and except hat motive I see no practical n for anyone to want to repeal atch Act.

tracting out is a necessary tool management has to have. I've seen good examples of it and I've seen bad examples. As the old phrase goes, "You don't throw the baby away with the bath water." What we have got to do is have some basic procedures whereby any work that's contracted out must be justified. I don't think any arbitrary, artificial restrictions on contracting out should be maintained. Such restrictions limit management's flexibility. Let management justify that any kind of contracting out was necessary: Was it the practical, prudent, money saving thing to do? If management can do that, fine. If they can't, then they deserve criticism.

Q: Do you think the proposed 8.75 percent pay raise in Carter's 1982 budget will be accepted?

A: I would think that, given the overall public mood, something less than that figure is realistic. Something less than that would meet with more public approval. I don't think that the figure should be abnormally low like two or three percent, but I do think that, given all the factors, lower and middle echelon Federal employees tend to be better compensated than their private sector counterparts. But when you get to the higher levels, they're undercompensated. That 8.75 percent for a Federal employee of GS-9 or 10 is a little too generous under these circumstances.

Q: Would you be in favor of a graduated scale where certain grades would get different percentages?

A: This really gets into pay reform. For a long time I have been in avor of regional pay scales within he Postal Service. A clerk-typist in Federal office in New York is etting the same salary as a clerkypist in Pocatello, Idaho. The cost f living in Pocatello is quite a bit ower than New York City. Pay eform in my mind includes some djustments. I'm not so sure that n across the board figure at any time is really the most practical. If there is some graduation, if there is a regional cost of living factor cranked in, I think that's an overdue reform.

Q: How would you deal with the problem of the people at the top sitting with a cap on their pay for such a long time?

A: The problem there is to devise a method whereby the Congress could get a pay increase without having to vote one for itself. Short sighted political pressures, press demagoguery of the issue and the natural public indignation force Congress to reject pay increases. Therefore Congress holds the top level bureaucrats hostage; otherwise the Congress would never get any increase. The procedure is wrong because it doesn't take into account what you can or can not accomplish in the political arena.

There ought to be some way provided so the Quadrennial Commission could make its recommendations and have some other judgement made at that point, perhaps by a special panel that might include one jurist, one official from the OMB, one official from the OPM, etc. . . . Let them make the final decision and not have it subject to a Congressional vote. Otherwise you won't have fair pay at the top level of the structure, because the press mistreats the issue and the resulting public uproar scares the Congress—a very predictable pattern.

Q: Is this true when you go back to your District? When you go back home do you find that the focus or emphasis are quite the same?

A: Well, in a sense. With the press coverage in Washington, I find that the issues where the public dutifully follows the press are those where sensational charges are made. For example, the President's veto of the busing bill. It doesn't draw much attention outside Washington except in the areas where there's a busing problem. The same thing applies with the so-called Fair Hous-

ing Bill that was stalled in the Senate. The people across the country who follow it were usually realtors or homebuilders or professional activists.

What the average man focuses on is the story of scandal, and in the Congress that means junketing, that means pay increases, that means Abscam. But the press takes its annual cheap shots at junketing, its periodic cheap shots whenever the Congress thinks of a pay raise.

Q: Is there the same emphasis on career civil servants' salaries?

A: No. In the case of career civil servants, my interpretation of the public mood is that the resentment is against the absolute job protection, the feeling that because of this oversecurity the average civil servant is not responsive to the public. Most complaints that we get are about bad treatment from clerks in IRS offices. From the horror stories I get, most IRS clerks must be snarling beasts abusing the public. The public feels that the management ought to have some way of removing those people who fail to respond. You go into a bank or a retail store and you expect courtesy from the clerks because you always could go elsewhere. But you're locked into a government office.

And the complaints we get about the lack of courtesy, lack of friendliness, lack of cooperation, the public attributes to the super protectiveness of civil service.

Q: You said it would be poetic justice for the Reagan administration to reap the benefits of reform. The power to make changes is now there that might not have been there before.

A: That's right. It provided management a little more flexibility in running a better bureaucracy. That flexibility won't hurt the Reagan people.

Q: Do you think there will be a move to reorganize the Departments of Education and Energy?

A: Possibly. I think that the departments and agencies you should look at to reorganize or reduce or eliminate are the newest ones, because the newest ones aren't totally entrenched yet. With that logical approach, two targets would be Energy and Education. Now Education was controversial to begin with; it barely passed the Congress. Putting it back into what would be a reconstituted HEW might not be a bad idea. With the Energy Department, the real problem was that it has failed. I think we need an Energy Department; we must centralize all the energy activities. But for reasons that I'm not completely clear on it has become a first class bureaucratic mess. You either need a very strong hand there to shake it up or, if the Energy Department can't be shaken up and made productive, then you'll have to think of ways of splitting off some of its functions to more effective entities.

Q. What do you see as the prospects of merging Social Security and Civit Service Retirement?

A: I'm opposed to it. I think that it would be unfair to Federal employees to merge their retirement into Social Security when the only motive is to bail the Social Security trust fund out of the financial complications it faces. Social Security is a problem because over the years, going back to the 30's when it was created, Congress has been overgenerous in voting benefits and not brave enough in voting Social Security tax increases. Now we are at the point where we have to overtax the current work force. There have been some suggestions made, such as scaling down future benefit increases and ultimately phasing up the retirement age. I see no reason why we couldn't set the retirement age at 68 rather than 65. I think it's socially, economically proper; the improved physical health of people in modern times allows for that. I would phase in improvements in Social Security rather than take the retirement program and put it into Social Security, which would be a one time patch.

I think there will be a major effort to do it in the coming session of Congress. Public misinformation will be a factor because the press has painted the story that the civil service retirement system is maintained to save Federal employees from Social Security. The fact is that it was in place in its own right. It never was an alternative to Social Security. It is a retirement program which has been operated much better than Social Security. Social Security was never intended as a full retirement fund; it was intended to supplement savings, or other pensions and retirement programs. The fact that some people become double dippers is not their fault; it's the law. If a Federal civil service retiree or someone active goes out and takes on another job, they come under Social Security and collect benefits they qualify for.

Q: You say it is too early to judge civil service reform's effectiveness. Do you have any indications at all of where it will go from here? Will the new Administration want to tinker with it?

A: No, I don't think they'll want to tinker with it, at least in the legislative sense. What they have to do is come in and understand it so they know how to work with it. Given the fact that Scotty Campbell had to [illegible] ran out on them. Give the Reagan Administration a couple of years. By that time we will have at least some idea of where any glaring faults may develop. We could correct those. But I don't think the Reagan people came in with any notions that they were going to have to redo civil service. I think they have a fair understanding of the recent bill and there are elements in it that philosophically they can't quarrel with. So I think they will take it and see how it works for a couple of years. I don't look for any legislation, if there is any, until 1983.

L. G. T.

TRAINING

TO DEAL WITH HIGH TECHNOLOGY

By Mark E. Thompson

It is not unusual for busy, impatient managers to view training as unproductive time. Often it takes a sudden, major problem—the Three Mile Island accident, for example—to force management to consider training as part of a needed solution.

Yet, as our technical capabilities expand, there seems to be a corresponding need for training to maintain and control complicated systems. People involved with technology, especially managers, should not underestimate the widespread use and power of technical equipment. As technology has grown, technicians have become increasingly influential. They now control or significantly influence many of the events that take place in complex organizations. And, in many fields, technology moves at an incredible speed, so that simply

volved with programs that use technology. Electronic information processing is a good example. The computer, as an electronic information processing unit, is used to quantify massive amounts of data from numerous sources. Every major Federal program that provides service to the public uses automated data processing (ADP) equipment to speed the processing and flow of information. Numerous financial transactions are accomplished with computers: checks are printed; records are verified; eligibility requirements are established and maintained; accounts are balanced; and data of all sorts are compiled and stored.

Such high technology is fast, powerful, efficient and potentially harmful when in the hands of devious people. Managers need to understand the potential abuses as well as the uses of technology.

The computer has spawned new techniques for handling information and presents a new domain for management to control. With the promise of computer technology also comes a problem for management. It has been possible for unscrupulous persons educated in the ways of computers to tap into a bank's computer system and steal millions without leaving a fingerprint. It is also possible for clever white collar fraud schemes to be concealed within a computer that processes data for the Federal government.

In computer systems, the possibility for fraud to go undetected is increased when auditors and investigators are not aware of manipulations that can be used to perpetrate fraud. As an example, clever data manipulations can be programmed into a computer system to set up phony accounts for authorization to purchase food stamps. These fraudulent accounts may be most difficult to identify once they are allowed in the computer system. An auditor or investigation must know how the raw data are being converted and put into the computer (whether through a card system, tape system, direct access system, teleprocessing system or combinations of the four). Understanding the input process is critical because it usually is the basis for some action in the form of output (a check printed, records verified, et cetera). A detailed knowledge of the computer system is needed to trace back an output transaction to determine whether it was legitimate.

The numerous possible combinations of ADP configurations create additional problems. Data flow, pro-

cessing, and controls can be designed differently in each program and within each State agency that administers a Federal program. Without an understanding of the specific computer configuration and controls, an auditor may not be able to identify fraud. Controls over access to computer equipment and data files are most important. Input controls, processing controls and output controls are available to insure the integrity of an ADP system.

The computer can make significant changes to the traditional audit trail for these reasons:

- Source documents may not be properly filed after information is put into the computer. This makes retrieval of the source documents difficult—indeed impossible, if they have been destroyed.
- If information is being put directly into the computer, there may be no existing source document.
- An ADP cycle does not always provide a transaction journal indicating what took place.
- Files being stored on a magnetic medium cannot be read without the computer and *appropriate* computer program.
- The sequence of computations is difficult to observe, because much of the data and many of the activities are maintained by the computer. It may require knowledge of a specific computer program to determine how data were treated.
- It is often impractical or difficult to print out all the stored computer data.

Auditors cannot always depend on the reliability of the information coming out of an ADP system; they must know how the system works. They must check on each function to assure management there are no flaws. Any complicated ADP system that is being studied requires people who are trained in the basics of ADP systems analysis. If an auditor does not probe and delve into the computer system, the audit is incomplete. Training on ADP systems prior to doing an audit could save time and provide management with valuable insights into organizational problems. In many ways an auditor is a trouble-shooter for management, and training helps to develop analytical skills. Suggestions for more efficient use of the computer may be the result of an ADP related audit.

Thomas F. McBride, Inspector General for the Department of Agriculture, has concluded that automated data processing is a type of high technology that must be understood by the Department's auditors and investigators in addition to the technicians who work with it. The prevention and detection of fraud in Agriculture's numerous programs, and within the Federal government as a whole, involves knowing ADP systems construction and vulnerability to manipulation.

In June 1979, McBride identified ADP training for his Office's professionals, in particular auditors, as a priority training concern. Numerous ADP technical courses were available within the Federal government and from private industry, but no basic ADP *program related* course was available to all OIG auditors throughout the United States. The problem was to provide training in the complexities of auditing and investigating the sophisticated ADP systems that do most of the accounting transactions for any large Federal program. (At Agriculture, the food stamp program is a good example.)

Although this concern was directed toward auditors who are primarily responsible for financial accountability, investigators also needed to understand and be aware of computer technology. A most comprehensive computer training program for investigators has been instituted by the FBI, but few agencies have strong in-service training programs on computer fraud that relate to their unique programs. In order to tailor its training to specific program needs, Agriculture developed its own course.

This basic one-week ADP training course is now being conducted within the Office of the Inspector General. The course attempts to provide all auditors and investigators with the history of ADP, an explanation of ADP systems and applications, ADP audit standards, types of ADP audits, ADP controls, document flow with ADP systems, timing of ADP audit efforts, and a case study with the Food Stamp Program using an applied ADP system. This course attempts to explain the basics of ADP functions so that auditors will know how to conduct an audit trail through an ADP system. Frequently, critical information is concealed or lost within an ADP system. It is the responsibility of an auditor to certify that the proper ADP controls and audit trails needed for management and operational review do in fact exist. Without an understanding of ADP systems construction and functional relationships, it is impossible for an auditor to conduct a proper audit review of a computer system.

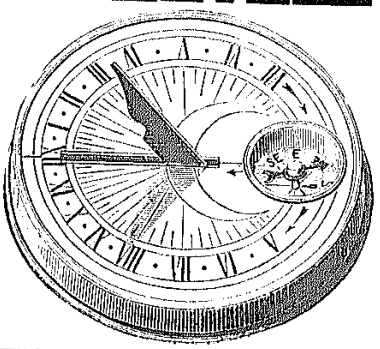
A unique feature of this course for OIG is that it explains computer technology along with specific applications for Department of Agriculture programs. It took about nine months to design the course, obtain suitable examples, and develop training plans with appropriate instructors, an activity that was done along with the day-to-day workload of all concerned.

Beyond this introduction to ADP, more computer training is needed to keep abreast of a rapidly changing field, and plans are being made to expand upon this basic course. A small group of specialists will continue to receive advanced ADP training and communicate significant developments through the basic course. Plans are being made to develop an advanced ADP course for those auditors and investigators in each regional office who frequently use computer technology on the job.

When any organization creates its own in-service training course the program's strength comes from the fact that unique job applications can be explained in detail. It takes considerable talent and commitment to deliver this type of training, but no costs are involved other than time taken to develop and present the course. And the benefits are considerable.

Mark E. Thompson is Chief of the Employee Development Branch for the Office of the Inspector General at the Department of Agriculture.

FAVORITE EMPLOYEE TIME WASTERS



By Jeff Davidson

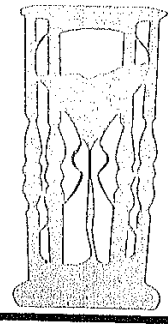
A number of activities other than those for which they are paid occupy the time of employees during business hours. Below is a review of favorite time wasters that infringe upon the productivity of an organization. While isolated instances may not in themselves produce a sizeable effect on company performance, repeated occurrence by numerous employees will have a pronounced effect, indeed.

Coasting Until Check-Out Time

Many employees have a tendency to quit work 15 to 30 minutes before the end of their workday and "coast" until check-out time. While it may not be possible for everyone to remain productive during the closing minutes of each day, widespread coasting until check-out time, within a department or throughout an entire company, can create a net loss that is staggering. As an illustration: if 45 employees earning an average of $6.00 an hour habitually coast for the last 15 minutes of each day, one month of coasting (twenty workdays) will cost the company $1,350 for non-productive time, for an annual total of $16,200. Adding benefits and other costs incurred yields a figure of over $1,600 a month or $19,200 a year.

If the time spent coasting is used to plan the next working day or to make mental preparations for future tasks, this use of time becomes productive. However, if many employees use the closing 15 or 30 minutes of each day merely to observe the hands of the clock finally reach the hour of five, a major problem exists.

Clock watching may also occur before the lunch hour. When many employees coast for 15 to 20 minutes before lunch, as well as before coffee breaks, department meetings and other planned events, the cumulative possibilities are mind boggling.



Organizing and Reorganizing

Another favorite time waster is the continual organization and reorganization of desks, files, shelves, etc. One's working materials can only be organized so many times before a state of diminishing returns is reached; as a general rule, someone who is able to extract needed information from a desk or files within a minute or two is sufficiently organized. Any further time invested in the organization or reorganization of materials is wasted.

One note, however: it is important not to confuse unnecessary reorganization with necessary reorganization. Some employees use the last 15 to 30 minutes of the day to organize themselves for the next day, so that they may start fresh on new projects or resume with renewed vigor. So, it is possible that employees may appear to be "coasting" until check-out time, or to be overorganizing, while they are actually engaging in a useful and productive period.

Carefully Reading Junk Mail

Mail order houses, manufacturers and distributors, and business and professional services groups all use the mail to build business. Any employee who has been with an organization for longer than three months may start to receive a steady stream of junk mail as his or her name is added to an ever growing number of mailing lists. It is quite possible for an employee to receive five to ten pieces of unsolicited mail a day. When this occurs, it is important for the employee to accurately judge what should be discarded immediately.

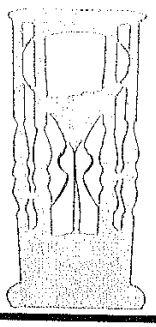
Unfortunately, many employees take delight in reading every piece of information that has been sent to them and using the reviewing of mail as a procrastination technique.

It is nearly impossible to legislate how mail should be circulated to

employees. Holding the mail until late in the day is not recommended because an employee may need a vital piece of information. One way to reduce the amount of junk mail sent to your office is to contact the National Mailing Center in New York City and request that individuals' names be removed from master mailing lists. Another way to reduce the flow of miscellaneous mail to employees is to instruct the receiving secretary to direct groups of similar packages to the head of the department, who can then decide who else should receive such mass-mailed correspondence.

Taking Two Lunch Breaks

This technique has been widely practiced, particularly in job, shop, and factory settings where an employee can easily sneak behind a machine or other shelter and munch a sandwich before the designated lunch hour. When the lunch hour arrives, the employee has created free time beyond that normally taken to eat. This practice is unfair to the employer. In a factory setting, spills and food stains often end up on company documents and paper work, diminishing the professionalism of the entire office. Unless there is no designated area within your organization where an employee may have refreshment, employees should be discouraged from consuming food at work stations.



A related problem results when employees bring breakfast to work. It is often difficult for an employee to eat breakfast before departing for work, particularly in an urban setting where one has to fight morning traffic. Allowing employees to bring breakfast into work produces the following harmful side effects:

- The amount of time that the employee spends eating breakfast is, of course, non-productive to the company;
- Employees who have adequately planned their day and eaten breakfast before work are in essence penalized;
- The potential for soiling papers, carpeting, or company owned equipment is high; and
- The practice detracts from the professionalism of the entire organization.

Waiting for Pay Checks

An all-time favorite time waster is waiting for the pay check. Whether checks are delivered every week, biweekly or monthly, most employees are keenly aware of pay day. If the time of day at which pay checks arrive varies, many employees will shuffle through the day waiting until the check arrives and then make a mad dash to the bank for a deposit. The best policy in fighting this time waster is to distribute the checks at the *same time* each pay day. When it is known throughout the organization that checks will be delivered exactly at 10:30 a.m., employees can make plans accordingly. It might be wise to issue checks immediately on pay day so that employees may receive their checks, deposit them and get back to work. Distributing pay checks early in the day also has the advantage of reducing the time that employees waste calculating what the amount will be.

Use of the direct deposit system, by which pay is transferred directly into an employee's account, should be encouraged. The system saves both actual time (spent standing in the bank's deposit line) and potential time (spent wondering when the checks will come).

Tangential Discussions

While it is virtually impossible to eliminate non-productive discussion that occurs throughout the day, there is one type of discussion the employees can be instructed to eliminate because it will help save them time and help the company. This can be termed "interesting, but tangential task discussion." Several employees working on a

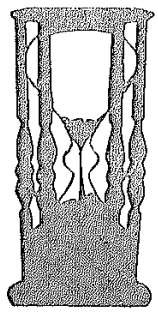
project may undertake hypothetical, pie-in-the-sky discussions regarding the project; the discussions, however, may not add to their understanding, insight or productivity in completing the project. A manager or supervisor should, of course, be careful here, since it is difficult to determine when extended discussions on a task or project can ultimately produce useful information.

Excessive, Elaborate Travel Arrangements

Often, an employee who has to travel has the tendency to spend more time on travel plans than is necessary. Particularly when the trip is to an area that is near resort facilities, there is a tendency to waste time beyond the normal pre-trip banter, discussing the trip. One way to eliminate frittering away time on travel plans is to have a clerical or support person complete all travel arrangements including the itinerary, and submit a comprehensive package to the employee who has been authorized to travel. At the very least, this will eliminate some of the questions and conjecture as to where one will stay, when one will be arriving, etc.

Extensive Review of Timesheets

In nearly all organizations some type of timesheet or weekly reporting log must be completed and submitted to management. If this work report has been compiled on a daily



basis, there will be relatively little to do to complete the form when the end of the recording period rolls around. Since the time spent trying to complete a time sheet a week after the fact is far in excess of the time required to record information as one goes along, employees would be instructed to maintain timesheets or logs on a daily or regular basis.

Toasting the Weekend on Friday Afternoon

A large number of employees, particularly in downtown office environments, think nothing of getting a head start on the weekend in a local tavern during the Friday lunch hour. Often a normal lunch period turns into two hours and more, and the employee is a basket case for the rest of the day.

This favorite employee time waster can only continue to flourish in the absence of good supervision. While it is common to conduct a farewell lunch for a departing employee, have a celebration near a holiday, or hold a staff luncheon after a good monthly or quarterly effort, significant costs to the company are incurred when a sufficient number of employees start their weekends every Friday noon. Liabilities to the company that accrue when employees overimbibe include the following:

—The productivity of the employee is low;

—The employee's judgment and decision-making capabilities are diminished;

—The employee may not be able to adequately represent the company with visitors or over the telephone;

—The hard working, non-imbibing employee may be resentful; and

—The professionalism of the organization has—once again—been diminished.

It is recognized that the list above is by no means comprehensive. However, the manager or supervisor who is aware of some traditional time wasters will be able to more readily recognize when they are occurring, and perhaps to diminish their effect. The ultimate payoff to the organization is old-fashioned higher productivity.

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"Anytime You Are Changing, You Expect People to Criticize"

AN INTERVIEW WITH THE SMALL BUSINESS ADMINISTRATION'S WILLIAM MAUK

William H. Mauk, Jr., has served as an economic advisor in Vietnam, held elective office, and occupied management positions in the private sector and with the Federal government, as Deputy Controller of the Agency for International Development and most recently as Deputy Administrator of the Small Business Administration. At SBA, Mauk spearheaded the early implementation of Senior Executive Service bonuses and a "wet dry run" of the merit pay system—both of which brought him under considerable criticism by the press. The following excerpt from a lengthy interview that took place Election Day spells out some of Mauk's reactions to the Federal management experience.

On SBA's main management problems: SBA has had some fairly severe management problems in the past. When I came here two years ago the agency had a weak senior management team, unclear goals, random program priorities, costly delivery systems, a limited knowledge of client needs, and program fraud and mismanagement. There had been a great deal of direction from Washington program offices to the field, which undercut the authority of line managers. So the real problem was how to put into place a strong, aggressive organization in the field. That's where the small business people are.

The other problem was that the agency had been too reactive. It was not proposing legislation, not anticipating where small business should be in years to come. This kind of broad direction and influence was coming from elsewhere—from trade associations, from Congress, OMB, and others.

The first thing we did was reorganize the home office and set up a responsive, well-staffed policy and planning office, elevating it to a senior level in the agency. The next thing was cut out all the layering in Washington between the field and the Administrator's office, so that our regional administrators and district directors had a direct line to the top echelons of the agency. We told the regional administrators that they really were in charge of their regions and that district directors really reported to the regions, not to Washington program officials. We gave the line managers enhanced authority—particularly in the area of personnel actions.

At the same time we had to get a better management information system in place. It isn't so important to have a good management information system in the central office if you are making all the decisions at that level, but when you're decentralizing, you'd better have a system that tells you what is going on beyond the central office. Decentralization doesn't mean abdication of responsibility of higher level people; it means allowing people to make decisions on a day-to-day basis at a lower level, while higher level people are reviewing and auditing after the fact and making adjustments accordingly.

The other thing that was important was to provide our managers with the tools they needed to manage their people. So we have taken a very aggressive approach to implementing civil service reform. We were the first agency to implement the Senior Executive Service under the 1978 Civil Service Reform Act. We were also the first agency to provide bonuses under SES.

Our regional administrators are all members of the SES. We saw SES as a tool we could use to manage our regional administrators while giving them increased authority. If you're going to give them additional authority, you've got to be able to reward or punish them based on their performance.

We really saw a fascinating thing happen, something we didn't anticipate. They came back to me and to other offices in Washington and said, "Look, you've got to get a certain system in operation or a certain support service started by a certain time, and you'd darned well better make sure it's done because it's going to have an impact on my performance." Having the bonus system in place moved agency personnel closer together, helped us integrate different functions, helped coordinate our performance.

On merit pay: The next thing was to make sure that the regional administrators had the tools to manage their own employees and to measure their performance. So we decided to be the first agency to fully implement the merit pay system for all our supervisors and policy-making people. And while we have had some stops and starts, and some false steps, it has become a powerful motivator to encourage people to respond to the priorities of the agency.

On performance appraisals: Many supervisors, even now, try to avoid unpleasant situations. Some are very reluctant to indicate to a subordinate that his or her performance is unsatisfactory. There needs to be some motivation in the system to force supervisors to rate employees unsatisfactory when their performance is inadequate.

The old system didn't work because it really wasn't very meaningful to employees. If you rated someone very highly, the only thing it meant was that someone got a nice personnel rating; it didn't necessarily mean that the person would get promoted. The informal communication system determined whether the person was really good or not. But now the system says that the rating you get is going to affect your pay. And, to some extent, if you get a very low rating, your tenure is going to be affected. So managers now have a powerful motivating tool.

The question is, how do you motivate supervisors to use it? Well, what we're doing is rating managers and supervisors on how they use the system. You can see how they rank their people, what their rank distribution is, and whether they really identify poor performers. What's involved is more than just looking at the performance of the overall organization. A good organization can be the result of a lot of things—a lot of just above average people, all performing well, or a few very good performers and a few very poor performers, or a combination of other performance levels in between.

On dealing with criticism: Any time you are changing, you can expect people to criticize you. The question isn't whether you get criticism or not; the question is whether the criticism can be useful. In some cases there has been criticism that wasn't justified, in my opinion, but you just have to accept that. For example, there was a newspaper article about our SES performance review board. First, it said that the performance review board handed out the bonuses and that's just a misstatement of fact. It was a cheap shot. The performance review board's function is not to hand out bonuses or individual ratings; its function is to review the ratings submitted by supervisors and to provide a recommendation to the Administrator on how well these supervisors did in rating their subordinates. Secondly, we had to select the people on the performance review board long before there were any performance ratings. So naturally we looked for the best people—who, not surprisingly, also got high ratings—completely independently of their review board duties.

People say maybe you shouldn't allow people on the review board to get bonuses, but that's ridiculous: no one would want to serve on the board. And some people say you should only have people who are ineligible for bonuses serve on the board. That would be only our political appointees, so that's not acceptable, either. Other people suggest that we create another board to review the review board! But the fact is that SBA has only 43 people in the system. How much of a bureaucracy do you want to create to defend against any situation that may arise?

On administering merit pay: There needs to be built into the system some assurance that unsatisfactory employees will be given unsatisfactory ratings by their supervisors. In my opinion, this means that in a five-category evaluation, category three will be considered satisfactory performance and people in that category will receive a guaranteed, specific salary increase. Otherwise, you will have rating inflation, because supervisors will tend to inflate the employee's rating to a category two or one just to assure a reasonable pay increase. When that happens, you also lose that part of the system designed to identify unsatisfactory performers, the category four and five people. Category three becomes the bottom rating, and only the top three categories will be used. This is less likely to occur if the supervisor and the employee both know that a category three rating will mean a pay increase.

That's why I think it is essential that, when a supervisor ranks a person as average, both know how much money that employee is going to get. That will provide the motivation not only to identify people who are performing better than average, but to find the people who are below average. If you don't identify the people who are below average, you're not going to have any money for the people who are above average.

This system was not sold to the American taxpayer and to Congress on the basis of giving big salary increases to outstanding government employees; it was sold on the basis of finding government employees who were not performing well and getting them out of the system.

Effect of reform measures on top management: For the first time in my experience in government, I have had to start worrying about the implications in the fact that what I say should be done *will* be done. Before, when a senior executive decided to do something, you knew that by the time it filtered down through the agency, it would be dissipated. Now, when we establish a priority, it starts to show up in people's objectives. Because they know they only have so much time in a day, they start dropping other things, some things that in fact we may think are more important.

Now we have to be more sensitive to what we're saying to people, and what we tell them we expect of them. So it has also put an added burden on us. The impact is revolutionary, from that point of view.

I should point out that my emphasis on this is relative. While things are better, they're still not up to private sector standards. If you go out into a company of this size in the private sector, you will see a little more responsiveness by senior management. But compared to the way things were, there's a very significant difference.

Ironing out the performance appraisal system: I don't want to leave the impression that there aren't problems with the system in SBA. We still have problems with supervisors and subordinates telling each other what is really going on and agreeing on meaningful objectives. We still have the problem of selling the system's credibility. There is still some suspicion of the system, and that's healthy. It keeps you on your toes.

There has to be a commitment by senior management to enforce the system. You have to make darn well sure the system is fair and that when it identifies someone who isn't very good, that person in fact really *isn't* very good. You have to make sure that it's not used to get back at someone because of personality differences or other improper reasons. If there is an element of that in the system you have to get at it and root it out right away.

On government management: My main criticism of government managers is that they don't think in terms of the market they are trying to serve. The second thing is that the few who are superior performers—about 10 percent—do a tremendous job and carry 90 percent of the burden. Yet the bottom performers don't get penalized for not carrying their part of the load. And finally, we have not been allowed to pay people for the levels of responsibility they really have, so the truly outstanding people leave for the private sector.

If the jobs of many of our people here were private sector jobs, they would be getting paid $60 to $100 thousand for that level of responsibility. If you have a job with the responsibilities and authority that justify a $100,000 salary, and it pays only $50,000, sometimes you're going to get a good, qualified executive and sometimes you're not. There are a lot of career people in this agency who are not getting paid enough money, but on the other hand there are a lot of career people who are making too much money.

On the SES bonuses: Congress chickened out—in the area of SES bonuses as well as SES salaries. Let's hope they have the good sense and the courage to come back and stand up for what they said they wanted to do in the first place, something they should have done, at least in the area of SES bonuses. Not that this takes the burden off the executive branch. We had better implement the bonus system fairly, equitably. We must give bonuses only to the people who deserve them, and not lower the standards.

In many government agencies, your management team is weak, and even the people who appear to be outstanding performers don't really deserve bonuses. The problem is that our standards of performance are relative, and they shouldn't be. There shouldn't be a rule-of-thumb that 20 percent of your people, or 50 percent of your people, will get bonuses. People who have been performing at certain levels should get bonuses. If that happens to be just one person in an agency, then that one person should get the bonus. If you're adjusting your payouts for your average performers, you are encouraging relative standards of performance. We should have tough standards, to identify good managers and bad managers.

We should look at what the private sector does and how it rates its people, because that's a competitive process. Their performance is measured on the basis of the types of responsibilities they have. Those factors are controllable —the levels of authority each person has, the kind of innovation expected in a particular job, creativity, toughness, fairness, a whole range of things.

If I had anything to say about setting the standard, I would say, "What are that manager's abilities? Can the person solve problems or does he bring his problems to me? Is he creative in his ability to get things done or is he always telling me he can't get something done?" The person who can solve problems really demonstrates that he is a good manager.

On implementing merit pay ahead of schedule: There were a lot of reasons for doing it ahead of time. One is quite simple: we owed it to the taxpayers. They deserve the best management we can provide in government. A tool was available to make our programs work better, and I thought we should use it.

Second is the size of the agency: we were big enough to make the experiment significant and small enough to stay on top of the problem.

Third, it offered an opportunity for an agency that has never been known for its innovation to experiment, to find better ways of doing things, to be a model for the whole Federal government.

We had a dry run that was critical from a couple of points of view. It helped us identify some of the deficiencies in the system we had designed. Also, and I think importantly, it demonstrated to employees that we were serious and that this system was going to be around for awhile. It discouraged thoughts like, "We've seen these things before. This management team will go, and things will be like before."

To some extent that's understandable. People came in ten years ago and talked about management by objective. And they proceeded in somewhat the same way, except that there were two differences. One difference was the pay implications I've discussed. Second, in the past there was not much personal involvement by senior management. Administrator Weaver and I really made a commitment in time and energy to make this thing work, to show that we really meant business.

L. G. T.

Position Classification: Something You Can Do about Inflation

By Dana A. Lund

Federal managers, supervisors, and employees alike clamor for ever increasing grade levels for positions in their organizations. Sometimes, such requests are truly warranted. More frequently, a request is not made because job duties and responsibilities have significantly increased, but because an employee is eligible for promotion, has been offered another position at a higher grade level, or simply has threatened to resign unless a promotion is forthcoming. In such instances tremendous pressures are exerted on the position classifier to accept an inflated position description and upgrade the position in order to avoid the short-range problem of a potential vacancy, to increase employee morale, or to reward a long suffering employee.

Numerous studies by the Civil Service Commission (now the Office of Personnel Management), the Office of Management and Budget, and private consulting firms have consistently shown that from 8 to 20% of positions are misclassified throughout the Federal service. The interesting aspect of those studies is that such misclassifications occur primarily in *overgrading;* undergrading, mistitling, or mistakes in series determination result in fewer such errors. For example, a Civil Service Commission study of GS-1 through GS-18 white collar positions between 1976 and 1978 found 11.49 percent (154,615) were overgraded; 3.28 percent (44,137) were undergraded and 5.04 percent (67,820) were misclassified as to series or job title.

The immediate and obvious effect of overgrading is to unnecessarily (and illegally) increase the costs of services provided to the government by the employee. There are some obvious cumulative effects that continue long after the immediate expediency of the upgrading has occurred. The total lifetime earning capacity of the employee increases markedly, even if the employee remains in the same position (which, of course, isn't likely). For example: a GS-4, Step 3 clerk-typist ($11,693 a year) who is promoted to GS-5 in the same job without any significant change in duties immediately receives a salary of $12,266 under present salary schedules. Had the position not been upgraded, the employee would not have earned an equivalent salary increase for at least three years (assuming for this purpose no future salary schedule changes). In just five years the employee will earn the same salary it would have taken thirteen years to attain if the promotion had not occurred. If such a promotion is unjustified, inflation is fed by such action. While the example used is GS-5, the same thing happens at all grade levels whenever a promotion or upgrade that is not fully supported by applicable classification standards occurs. The higher the grade level, the greater the inflationary impact.

There are, of course, other hidden or delayed costs that add to the taxpayer burden. Fringe benefits for Federal employees account for nearly 25% of employee-related costs. Annual and sick leave costs are directly related to salary costs and increase in direct proportion to salary increases. Leave earned at a lower rate is paid off at the employee's current rate of pay. In some instances, the difference can be substantial. An employee's retirement annuity is geared to his or her "High-Three" average salary level. To the extent that the High-Three level may have been achieved either directly or indirectly as the result of a less than fully justified promotion, the government can end up paying an inflated annuity for the remainder of the employee's life. Supervisors or managers rarely express any concern at all for such long term costs.

In view of overgrading's cumulative effect, they should. In the same CSC study mentioned above, the annual overpayment for salaries and benefits was estimated at about $436 million. Overgraded jobs in grades GS-12 through GS-15 accounted for 69 percent of that total amount. (And, let us not forget, those figures do not take into account the pay raises and the annual inflation rate since the survey report was issued.)

I am not proposing a conservative approach to position classification; I am not saying that Federal employees should not be adequately compensated for their work; I am not advocating that positions be classified to the lowest grade level that can be supported. What I am proposing is that supervisors, managers, and personnelists can effectively reduce unwarranted increases in Federal program costs by assuring that requests for position grade increases are based on actual and substantial increases in duties and responsibilities: not for reasons of expediency, not as a reward for good performance, and not to avoid the possible loss of any one particular person. The proper avenue for recognizing superior performance is through the various incentive awards available and not by promotions that are not fully warranted.

As managers of public programs, supervisors must be effective stewards of the public trust. Part of their responsibility is to carefully husband the use of their assigned personnel allocations. Positions need to be more carefully structured to concentrate higher level duties in as few positions as possible and to avoid unwarranted grade escalation for positions at all grade levels. It is my opinion that managers throughout the Federal service could, with a little effort in this direction, have a signficiant impact on reducing the inflationary effect of increasing costs of Federal programs.

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Setting Priorities: Three Techniques for Better Decision Making

One of the major responsibilities of state and local public administrators in the 1980's is to establish, evaluate, and review priorities for running local government. Priorities need to be considered on a range of issues from the overall goals of the city and county to specific programs or line items in the budget to be eliminated, cut back, or funded as originally conceived. Setting of priorities affects the ultimate decision making: where funds go, which programs get funding to best serve the public, which training techniques are most effective.

Reporting in September's *Management Information Service*, James L. Mercer and Susan W. Woolston contend that the traditional "3" × 5" index card approach" to establishing priorities no longer works. More local [illegible] are calling for carce funds which they must use to serve the needs of competing special interests. The old 3" × 5" card approach takes a lot of time without considering enough variables, and can be manipulated by strong personalities. Mercer and Woolston offer 3 alternative techniques.

The Nominal Group Technique (NGT), a polling method, structures small group meetings in such a way that specific plans of action can be achieved. NGT's greatest strength is that it allows individual participation in government's program planning activities. The keys to success in best using the NGT are:

- proper wording of the NGT question
- using knowledgeable individuals with expertise
- a group leader who has mastered and can conduct the NGT process effectively.

The Delphi Technique, another polling technique, attains a consensus from a group of experts without actual fact-to-face debate. Questionnaires replace debates and eliminate the effect of the domineering personality. Delphi provides a technique that is particularly suited to investigating and establishing priorities for problems with a high social and political content.

Interpretive Structural Modeling helps managers think and communicate more effectively about complex issues. This technique allows people to make subjective judgments while a computer is used for bookkeeping and for displaying the results and implications of human decision making. The general process, which has been used successfully in state and local governments, involves defining an issue context, e.g., land-use suitability factors to be considered in residential development, and considering all the relationships having an impact on the issue. ISM's major strength is in structuring goals and objectives.

Some local governments have used one or more of the three techniques; others are experimenting with them in an attempt to establish priorities for making decisions.

Motivation for Managers, Too

Motivation has long been recognized as an effective management tool which can improve employee performance, productivity, and attitudes. In an article for September's *Management World*, Drs. J. B. Gayle and F. R. Searle discuss the need to explore motivation needs of the manager as well as those of the employee.

In the late 1950's, Frederick Herzberg and his associates conducted a study which provided the basis for his two factor theory on motivation. Since then, Herzberg's theory has come to be considered one of the significant mileposts in understanding motivation. Simply stated, the factors involved in producing job satisfaction are separate and distinct from the factors that lead to job dissatisfaction. The opposite of job satisfaction is not job dissatisfaction, but rather *no* job satisfaction. Similarly, the opposite of job dissatisfaction is not job satisfaction but no job dissatisfaction.

Herzberg's theory identifies a group of "hygiene" factors (such as company policy, supervision, personal life), which are basic and which if deficient will create job dissatisfaction. "Motivator" factors that create job satisfaction (such as recognition of achievement and responsibility), are also identified. The absence of hygiene factors will cause dissatisfaction; however, their presence does not ensure job satisfaction: motivator factors also must be present.

According to Gayle and Searle, the major limitation of Herzberg's theory is that only employee motivation needs are met. They sugg instead, that hygiene and motivator factors exist for both management and employees in a kind of mir image relationship.

A practical application o this view would be in the interview-hiring process of prospective management employees. Deliberate consideration of hygiene and motivator factors by both parties could help reduce c flicts following hiring. For example, although the pros pective employee generally considers such hygiene fact as pay level, fringe benefit type of work, etc., he or sh may not be aware of long range motivator factors th affect someone aspiring to management position, such policies on promotional opportunities, overtime pay, work schedules, etc. Simila ly, although management considers hygiene factors such as the employee's abil to do the job, there is usual no attempt to determine hi her attitude toward manag ment policies like sick leave personal/family matters, et

Management should carefully review existing and pr posed personnel policies an regulations from a standpol of *their* own needs. Once these are established, management should ensure that potential employees are ma aware of them. Although th fullest recruitment of new employees would probably b curtailed, the likelihood of future conflicts due to incon patible managerial and employee motivational facto would be reduced.

Immigration and Economic Success

How well and how quickly immigrants adapt to a new life in the United States can be measured, on an economic basis, by their level of earnings following arrival. An examination of these earning patterns will help forecast the economic impact of the most recent influx of Cuban and Indochinese immigrants.

Barry R. Chiswick's article in the Department of Labor's October *Monthly Labor Review* summarizes findings on the earnings and occupational mobility of immigrants and how they compare with the native population.

Immigrants are divided into three groups: "economic migrants," who move primarily for their own economic betterment; "refugees," who move primarily out of concern for their personal safety or for political reasons; and, "tied movers," who move primarily to join a family member. The two major factors affecting economic advancement for immigrants are the transferability of skill acquired in the country of origin and the "self-selection" (i.e., motivation) of immigrants.

Other things equal, the earnings of the economic migrants equal those of the native born (or those with native-born parents) of the same racial and ethnic group after 11 to 15 years in the United States. Beyond this point, economic immigrants tend to have higher earnings than other immigrants.

Mexicans and Filipinos tend to have low earnings compared with whites, both overall and when other variables are the same; this is not the situation for those of Japanese and Chinese descent. Also, the longer immigrants reside in the United States and the more their skills and earning capacity become equal to that of natives of comparable education and background, the higher the standard of wages for this lower skilled native group becomes.

Although economic migrants tend to do best economically in this country, American immigration policies include special preferences for refugees and the relatives of citizens and resident aliens because of humanitarian and foreign policy objectives, as well as for domestic social and political considerations.

Who Gets Promoted?

Some interesting promotion trends were recently revealed in a 10-year survey of more than 11,000 business executives who were promoted to vice president or president of major U.S. companies from 1967 to 1976.

According to Professors Alfred W. Swinyard and Floyd A. Bond, their purpose was to "identify the character of a new, seemingly younger breed of top manager, about whom exceedingly little has been written." Their in-depth survey, reported in the September-October *Harvard Business Review,* attempts to analyze the characteristics of newly promoted executives.

The major characteristic of newly promoted executives is that they are better educated than their predecessors, nonbusiness peers, the general population, and even their own college peers. The largest percentage of advanced degrees is in business administration, nearly a third in law, and the remainder in economics or other fields. Twenty five percent of the executives polled hold Masters' degrees.

The median age for attaining a senior vice president position was 47. The median age for presidents of corporations was 54, with 40 percent over the age of 56. This means that the chances for promotion to president for a vice president are not too promising. With a retirement age of 65 being the norm, and a policy of five years in service before promotion to president, 42 percent of present vice presidents would be too old to get the job when eligible. As a result of the blocked promotion potential, more and more executives actively seek positions with other companies.

One interesting statistic that seems to defy common belief is that the "up and coming" types, the newly promoted executives, are not likely to be any younger than their forbears when they "make the grade."

In a nutshell, the survey indicates that if you want to reach the top in business, it helps to have at least a master's degree (or law degree), have gotten at least one of your degrees in business administration, be between the ages of 45 and 50, and be willing to relocate, if need be.

Footnote: By comparison, statistics also are available to see what it takes for executives in the Federal work force to reach the top. Based on 8,000 senior executives (pre SES grades 16-18), a 1977 OPM Executive Personnel survey shows that the average age of appointment to an executive position is 43.9 years, with 20.5 percent over the age of 50. Like their counterparts in business, newly promoted Federal executives are well educated: 93.4 percent hold bachelor's degrees, and 63.4 percent hold advanced degrees. A major difference in promotion trends between the two sets of executives: the Feds are getting their promotions younger and younger.

Humanities: Practical Education Management

Have you just finished reading "Death of a Salesman: or "Bartleby the Scrivener"? Preparing for your final exam, you say? Quite the contrary. Such works should be standard fare for all managers and executives, says Dr. Frederick Herzberg in one of a series of articles on management education (Industry Week, September 29, 1980. The country's current productivity crisis cannot be resolved so long as we seek answers only in hard data. We must turn to the humanities to gain insights into human productivity, creativity and ethics, states Herzberg.

Too much credibility and emphasis are given by private and public top management to personnel data, statistics, and surveys, which Herzberg regards as little more than glorified "body counts" that don't tell the whole story. Instead he suggests a "marriage of romance and reality"—a humanities understanding applied to technical decision making.

Specialization has preempted general education and left us in the hands of too many counterfeit professionals who do not understand the basis of human knowledge and who rely on more and more packaged textbooks which they are incapable of viewing critically. According to Herzberg, long term productivity growth can be recaptured only when professional managers learn to apply the lessons learned from human experience to technical and scientific data.

Management's Accountability

American business is faltering beside its foreign competition, the economy is weak, and American productivity growth is declining. Is this situation caused by eroding inflation, constricting government regulations, restrictive tax structures, OPEC's stranglehold on oil prices? Not nearly as much as some would like to think, say Robert H. Hayes and William J. Abernathy of The Harvard Business School. In their judgment, business's current sluggish performance represents a failure of American managment.

In an article for July/August's *Harvard Business Review*, professors Hayes and Abernathy argue that a new management style has emerged which has sapped American business's vitality. In their view, American management is excessively dominated by accountants and lawyers; in the last 25 years, U.S. executives have slipped into a self-defeating preoccupation with short-term profits at the sacrifice of risks needed for long-term development of new technologies.

The importance of developing new technologies cannot be overestimated. Post World War II innovations such as synthetic fibers, xerography and computers gave rise to entirely new industries, thereby elevating living standards, increasing productivity, and creating new labor fields. Current management's devotion to short-term returns on investments, "management by the numbers" (using analytic theories rather than "hands on" experience), and failure to create new markets reflect a failure of vision and leadership and have eroded both the inclination and the capacity of U.S. companies to innovate. In contrast, West German and Japanese managers are committed to internal development of advanced technology—producing superior products over the long run. As a result, Germany's rate of productivity growth has increased since 1970 (while ours has steadily declined since the mid 60's) and recently rose to more than four times our rate.

According to Hayes and Abernathy, a change in managerial philosophy and practice is needed to turn this trend around. Short-term profits must begin taking second place to developing long-term technologies. Top management must emerge from experienced corporate ranks instead of being recruited from the outside, from the fields of finance and law, as is now the overwhelming practice. The trend toward merging and diversification should be re-evaluated. "The key to long-term success—even survival—in business is what it has always been: to invest, to inovate, to lead, to create value where none existed before. Such determination, such striving to excel, requires leaders—not just controllers."

On being newly appointed to a Cabinet post: ***"It's like a blind man trying to wash an elephant. He has no idea where to start and he never knows what part of the creature needs the most scrubbing, so he usually ends by throwing a bucket of water on the damned thing and hoping for the best."***

John D. Weaver
The Great Experiment
1966

New Guidance on Taking Adverse Actions

By Cynthia Field

The Office of Personnel Management has issued a completely revised Federal Personnel Manual Chapter 752, Adverse Actions. It is the first of several FPM chapters OPM will provide as guidance for managers, supervisors, and personnel specialists in dealing with employee conduct and performance problems.

Once the Civil Service Reform Act became effective (January 11, 1979), the former FPM Supplement 752-1 (which not only provided guidance on the law and regulations concerning adverse actions, but included requirements with the force of regulation) was revoked. At the time, OPM told agencies that advice in the supplement, based on court decisions and other case law, was still good. Agencies were urged to adopt applicable guidance in it for their own purposes until OPM had new official guidance ready.

OPM's revised regulations, Part 752, published on August 10, 1979, implemented civil service reform provisions for adverse actions. The law and the regulations contained all the procedural requirements which agencies had to meet for adverse actions; consequently, OPM saw need for little more guidance to agencies on adverse action, allowing each agency to provide its own information pertinent to that particular organization. Now, with more agency experience in making action, and with agency and OPM review of many Merit Systems Protection Board decisions, all concerned realize that agency personnel, especially in field organizations, need more guidance in OPM policy and current case law.

For the new chapter on adverse actions, OPM has drawn on sources experience has demonstrated to be most valuable. It has gone back to the sound, nonmandatory advice in the old Supplement 752-1, taken numerous suggestions from agency personnel people and managers for additional guidance and clarification, and included old and new court decisions (and a few precedential decisions of the Merit Systems Protection Board). The chapter provides guidance and information only; the only OPM requirements are those of law and regulation, although agencies must consider how MSPB and the courts are applying those requirements. Agencies have a great deal of flexibility within this framework.

Chapter 752 continues OPM's guidance on adverse actions under the Reform Act, which began with a special bulletin containing questions and answers on applicable CSRA provisions, followed by a chapter in the *Manager's Handbook*. The revised FPM chapter is much more detailed than the previous guidance, with the material presented in a straightforward though necessarily technical style. It will be informative for managers and supervisors while serving as a reference (supplemented by individual agency instruction) for those taking adverse actions. OPM will also issue the chapter material in a handbook which will provide more illustrative material than it is possible to incorporate in an FPM chapter. Suggested material for the handbook has included illustrative MSPB field decisions, applicable EEOC and MSPB regulations, appeals forms, a detailed index, a checklist of required procedures, and a subject matter listing of court decisions. The handbook, available without subscribing to the FPM, will be a self-contained guide on adverse actions and applicable appeal right. Subsequently, OPM plans to issue a completely revised "Fed Facts" pamphlet on adverse actions to provide general information to employees and agencies.

The guidance in chapter 752 reinforces OPM's past urging to agencies to be sure that: (1) the agency has clearly and accurately set out its reasons for taking actions; (2) it can show by proper documentation that the employee has actually done or failed to do the things the agency has claimed; (3) there is a connection between the employee's actions or conduct and his or her effectiveness on the job; and (4) the reasons for the action support the penalty. In its review of adverse action case decisions by the Merit Systems Protection Board, OPM has become aware that MSPB reverses many agency actions for lack of evidence to support the agency's reasons for action, for failure to show the necessary connection between the employee's acts and effectiveness on the job, or for improper labeling of the reasons for action.

While chapter 752 provides guidance on the procedural aspects of adverse actions, OPM is considerably encouraged by the consistently low percentage (4 percent or less) of actions MSPB has reversed for harmful procedural error by the agency. A recent decision by the Merit Systems Protection Board on an appeal of a denied within-grade increase discussed at length the intent and the effect of Civil Service Reform Act language regarding harmful procedural error. The Board said that the statutory language "was adopted to avoid reversal of agency actions because of technical procedural oversights which have not substantially prejudiced or impaired the employee's rights. The statute clearly places upon the appellant employee the burden of establishing as an affirmative defense that the agency committee procedural error and that the error was harmful."

It will never be easy to take adverse actions against employees—nor should it be, because these actions have a serious impact on an employee's job or future. OPM's guidance is aimed at helping agencies take *warranted* actions as expeditiously as possible and at assuring that such actions are sustained. Agencies must, however, document the incidents leading to the action proposal and be sure that the action is appropriate in light of the circumstances and the agency mission.

Cynthia Field is an Employee Relations Specialist with the Workforce Effectiveness and Development Group, OPM.

Attorney Fees in Cases Before the MSPB

The Merit Systems Protection Board (MSPB) recently issued five decisions interpreting provisions of the Civil Service Reform Act which govern payment of attorney fees.

First, the Board considered the conditions which authorize an award of fees under its general appellate jurisdiction in 5 U.S.C. §7701. Section 7701(g)(1) allows payment of fees which have been incurred when the employee/appellant is the prevailing party and the award is in the interest of justice. Based on this statutory provision the Board held that it has broad discretion in determining whether an award of fees is appropriate. However, it recognized that Congress did not intend fees to be granted in every case and that the appellant has the burden of establishing that he or she is entitled to fees. Although the Board did not define the ...ise scope of its discretion, ...ded some examples of ...es in which a that it could not have prevailed on the merits.

Second, the Board considered the availability of fees in cases where the appellant was not directly charged for the legal services, for example where he or she is represented by union counsel. Section 7701(g)(1) restricts payment of fees to those cases where the fees were "incurred" by the employee. The Board concluded that a fee award is permitted, in appropriate cases, where the appellant is not charged for legal services. However, an attorney-client relationship

"Perhaps the most significant aspect of the decisions is the obligation imposed on an agency to fully investigate any charge brought against an employee, including any defense or argument raised by the employee, and to litigate its case competently."

§7701(g) only in those cases which fall within its appellate jurisdiction. Thus, §7701(g) does not allow payment of fees in cases brought by the Special Counsel or in cases involving a Board challenge to an OPM regulation or an agency's implementation of the regulation. In these cases fees can be awarded under §5596, if an action was taken against the appellant which resulted in a loss of pay. However, the Board concluded that both the "interests of justice" standard and the "incurred" test, which apply to fees awarded under §7701(g)

the billing rates and hours claimed by the appellant's attorney and must articulate the basis for the amount of fees awarded. In light of this holding, it is essential that agencies also scrutinize requests for fees and, if appropriate, challenge the amount of the fee claimed.

Perhaps the most significant aspect of the decisions is the obligation imposed on an agency to fully investigate any charge brought against an employee, including any defense or argument raised by the employee, and to litigate its case competently. Thus, the Board indicated that the failure to conduct a thorough investigation and to present an effective case may be evidence of the agency's ill will and/or negligence which may result in an award of fees. *Allen* v. *United States Postal Service; Kling* v. *Department of Justice; Frazier* v. *Hall; O'Donnell* v. *Department of the Interior; Wells* v. *Harris.*

Establishment of Performance Standards and Critical Job Elements

The Federal Labor Relations Authority (FLRA) has issued two major decisions concerning management's duty to bargain over performance appraisal systems. The Authority addressed a variety of issues of importance to agencies in the establishment and operation of such systems.

The Authority held that the establishment of performance standards and the identification of critical elements are directly related to management's reserved rights to direct employees and to assign work, and are thus non-negotiable matters. The Authority reasoned that these management rights are exercised through supervising, determining the quantity, quality and timeliness of work production, and setting priorities for work accomplishments. The establishment of performance standards and the identification of critical elements are among the ways in which management supervises and directs the work required of its employees.

Agencies, however, must negotiate over criteria against which the application of performance standards to employees will be judged. Additionally, agencies have a duty to bargain on the procedures which will be used in exercising management's reserved rights and on appropriate arrangements for employees adversely affected by such exercise. The Authority noted that, for example, agencies must negotiate over the procedures by which critical elements are identified and performance standards are set; the process by which such elements and standards are communicated to employees; and the frequency of performance appraisals, if more than once a year.

"The Federal Labor Relations Authority has issued two major decisions concerning management's duty to bargain over performance appraisal systems."

The Authority also held that proposals which differ from Government-wide regulations are negotiable so long as they are not incompatible or irreconcilable with such regulations. Thus, a union proposal which defined the terms "performance standards" and "critical elements," but which included only part of the regulatory definitions of those terms, was held negotiable as it was not inconsistent with the regulations. The Authority noted that the regulation would, of course, govern on those aspects of the definition excluded from the union's proposal.

The FLRA decision discussed representation rights which apply during the performance appraisal process. The Authority noted that an exclusive bargaining representative has the right to be present at formal discussions which take place between management and employees about the performance appraisal system. Moreover, an employee who is examined in connection with an investigation into his or her performance and who reasonably believes that the examination may result in disciplinary action may request representation during that interview.

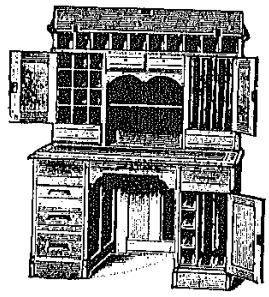
Finally, the Authority noted that employees who are subjected to a performance-based action may appeal the action to the MSPB or grieve it under a negotiated grievance procedure. The Authority held that employees may grieve the application of a performance standard. However, it did not address the question of whether the establishment of a performance standa without more, could be challenged through the grievance process. *Natic Treasury Employees Un and Department of the Treasury, Bureau of the Public Debt; American F ation of Government Em ees, AFL-CIO, Local 32 Office of Personnel Mana ment, Washington, D.C.*

Women as Accessible Members

Women managers are twice as accessible at work as their male counterparts, according to a study conducted by Natasha Josefowitz. In Harvard Business Review Sept.-Oct. 1980 article, she reports that women managers stress their availability through open doors, checking with subordinates on "how things were going", and the reluctance to say no to requests. Male managers, however, readily maintain a barrier so that work will not be interrupted. They do not seek out employees but hold to the "if they need me, they know where to find me" rule. Men also have no difficulty in refusing requests.

Josefowitz points out that although accessiblity promotes essential lines of communication within an office, it also has negative consequences. The more time spent with others, the less the manager has to think and plan his or her own work. Also, accessibility may create overload and possibly result in poor performance. Finally, availability may foster dependency by robbing the subordinates of the opportunity to be problem solvers themselves.

She concludes that in judging effectiveness of more or less accessible managers two criteria must be applied: One, the consequences for his or her performance and career aspirations and two, the consequences for subordinates in terms of productivity, satisfaction and growth.



Classification System Review

A five month review of the classification system for Federal government jobs is under way. The study conducted by the Office of Personnel Management and the Office of Management and Budget will concentrate on the system's effectiveness and any changes which might improve it.

Approximately 2.1 million positions under the General Schedule and Federal Wage systems may be affected.

Major issues include:

- What is causing managers' and personnelists' present high level of frustration with the classification system?
- Should there be changes in the number of grades, salary steps, rate ranges, and waiting periods between increases?
- Should there be authority to depart from established standards to meet special situations like shortages of qualified personnel, high priority programs, unusual quality of performance or geographic location?
- What relationships should exist between the classification system and position management, qualification requirements, and performance standards?
- What systems should be used for evaluation and quality control?
- What can be done to speed up the development of standards?

Recommendations from the task force, composed mainly of current Federal employees, are expected by February.

Intergovernmental Affairs Fellowships

Senior Executive Service members and candidates, staff officers and other managers whose jobs require an understanding of intergovernmental cooperation and coordination may want to investigate the Intergovernmental Affairs Fellowship Program.

The course is planned to promote Fellows' understanding of intergovernmental programs and processes, provide experience in governmental problem solving, and identify ways of improving intergovernmental working relationships.

A brief orientation seminar in the Washington, D.C. area starts off the program, followed by a ten week assignment with another level of government which provides the main focus of the course, concluding with a short wrap-up seminar in Washington.

Federal employees' $1,700 costs plus travel and per diem are paid by the employing agency. OPM waives tuition for State and local Fellows, whom Federal agencies are asked to host and pay travel and per diem expenses.

Nomination should be submitted before March 1, 1981. These and inquiries may be directed to Faye E. Gubard, OPM, Box 988, Washington, D.C. 20044.

Survey Reveals Few Incentives Offered to Productive Workers

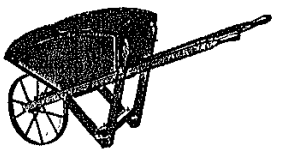
"Do as I say; don't do as I do," appears to be the case for the nation's largest companies when it comes to improving workers' productivity. Although they offer advice on productivity and are aware that changing employee attitudes are a main cause for decline, these companies rarely have plans to raise the production rate, according to a recent survey by the country's largest employee-benefit consulting firm.

William Mercer, Inc. asked 2,500 U.S. companies for their views on productivity and received 434 responses, indicating the following:

- Eighty-seven percent of chief executives considered individual performance bonuses for non-management workers very important but only 21 percent of the companies have actually offered them.
- Sixty-seven percent felt that productivity in their particular field was decreasing or increasing at a reduced rate.
- Eighty-two percent of the executives rated production incentives as important, while only 27 percent of the companies have them. And, although 79 percent of the firms have incentive programs for their executives, only 25 percent have incentives for their lower-salaried workers and only 20 percent for their hourly workers.
- The majority felt that union workers were less productive than non-union workers while only 4 percent said they were more productive.
- The opinion of the majority, 81 percent, was that wage and price controls would have a negative impact on productivity, while 16 percent felt there would be no effect. Only 2 percent thought they'd have a positive impact.
- Overall, 95 percent of the executives are concerned about the productivity of their employees and 88 percent believe that a well-structured compensation program can help increase productivity. But 45 percent responded that their own company's compensation programs are not designed to reward productive workers.

Developing Supervisors, Not Wheelbarrows

In the August 1980 *American Nurseryman,* Eric P. McCarty discusses the relationship between managers, especially those who are too involved in the smallest details of their operations, and their developing subordinates. Managers who are reluctant to share information, resistant to change and unwilling to give the time needed to develop independent supervisors are likely to have incompetent



supervisory assistance "—wheelbarrows, who must be firmly grasped by both handles and steered in the right direction." Although McCarty says it is much harder to develop supervisors than it is to develop wheelbarrows, the long term benefits are worth the effort. (How many wheelbarrows are *you* cultivating?)

Note: Alfred E. Kahn, who is returning to Cornell University after serving as the President's Advisor on Inflation, was formerly Chairman of the Civil Aeronautics Board.

The memo reprinted below was written by Kahn to his CAB staff on June 16, 1977. So long as gobbledygook continues to thrive, the memo will qualify as "Worth Repeating."

MEMORANDUM

TO: BUREAU AND OFFICE HEADS
DIVISION AND SECTION
CHIEFS

CC: BOARD MEMBERS

FROM: CHAIRMAN ALFRED E. KAHN

SUBJECT: THE STYLE OF BOARD ORDERS
AND CHAIRMAN'S LETTERS

One of my peculiarities, which I must beg you to indulge if I am to retain my sanity (possibly at the expense of yours!) is an abhorrence of the artificial and hyper-legal language that is sometimes known as bureaucratese or gobbledygook.

The disease is almost universal, and the fight against it endless. But it is a fight worth making, and I ask your help in this struggle.

May I ask you, please, to try very hard to write Board orders and, even more so, drafts of letters for my signature, in straightforward, quasi-conversational, humane prose—as though you are talking to or communicating with real people. I once asked a young lawyer who wanted us to say "we deem it inappropriate" to try that kind of language out on his children—and if they did not drive him out of the room with their derisive laughter, to disown them.

I suggest the test is a good one: try reading some of the language you use aloud, and ask yourself how your friends would be likely to react. (And then decide, on the basis of their reactions, whether you still want them as friends.)

I cannot possibly in a single communication give you more than a small fraction of the kinds of usages I have in mind. Here are just a few:

1. One of our recent show cause orders contained this language: "all interested persons *be and they hereby* are directed to show cause. . . ." The underlined words are obviously redundant, as well as archaic.

2. Every time you are tempted to use "herein," "hereinabove," "hereinunder," or similarly, "therein" and its corresponding variants, try "here" or "there" or "above" or "below" and see if it doesn't make just as much sense.

3. The passive voice is wildly overused in government writing. Typically, its purpose is to conceal information: one is less likely to be jailed if one says "he was hit by a stone," than "I hit him with a stone." The active voice is far more forthright, direct, and humane. (There are, of course, some circumstances in which the use of the passive is unavoidable; please try to confine it to those situations.)

4. This one is, I recognize, a matter of taste: some people believe in maintaining standards of the language and others (like the late but unlamented editor of Webster's *Third International*) do not. But unless you feel strongly, would you please try to remember that "data" was for more than two thousand years and is still regarded by most literate people as plural (the singular is "datum"), and that (this one goes back even longer) the singular is "criterion,"

6. Why use "regarding" or "concerning" or "with regard to," when the simple word "about" would do just as well? Unless you are trying to impress someone: but are you sure you *want* to impress anyone who would be impressed by such circumlocutions? There is a simple pompous tendency to use "prior to," when what you really mean is "before."

"Prior to" should be used only when in fact the thing that comes before is, in a sense, a condition of what follows, as in the expression "a prior condition."

I know "requesting," is considered more genteel than "asking," but "asking" is more forthright. Which do you want to be?

7. One of my pet peeves is the rampant misuse of "hopefully." That word is an adverb, and makes sense only as it

Accomplishments in the 96th Congress

The 96th Congress passed several acts that were important to Federal employees. A brief summary follows:

• Public Law 96-427, The Federal Employees' Group Life Insurance Act of 1980, liberalizes government employees' life insurance benefits by allowing additional elective coverage at no cost to the government. Employees who retire or begin compensation payments on or after December 9, 1980, and who are eligible to continue their basic insurance coverage (formerly known as regular insurance) under the group plan will be eligible to elect one of the following:
1. the current 75 percent reduction of basic life insurance coverage after age 65 at no post-retirement cost *or*
2. 50 percent reduction in basic life insurance coverage after age 65 to be financed by post-retirement premiums of $0.65 per month per $1,000 of insurance *or*
3. no reductions in basic life insurance coverage after age 65, also to be financed by post-retirement premiums of $1.75 per month per $1,000 of insurance.

Eligible employees will be able to elect any or all of the 3. family optional insurance —$5,000 insurance on a spouse and $2,500 insurance on an eligible child.

Effective the first day of the first pay period beginning on or after October 1, 1981, all employees under age 45 will have increased amounts of basic life insurance at no additional cost to themselves. Employees age 35 and under will have twice the amount of basic life insurance that they now have. This basic insurance will decrease by 5 percent a year, until at age 45 the amount of an employee's basic life insurance equals the amount of basic (regular) life insurance that all covered employees now have (basic salary rounded to the next even thousand dollar amount, if basic salary is not an even thousand dollar amount, plus $2,000).

Employees whose basic insurance terminates after January 1, 1980, who are eligible to continue their basic insurance as retirees or compensationers, and who elect the 75 percent post-65 reduction to their basic insurance will be required to pay for that basic insurance until they reach age 65, through no additional premiums will be required after they reach age 65.

• Public Law 96-346 increases the per diem and mileage reimbursement to government employees traveling on official business. Per diem reimbursement has increased from $35 to $50 per day and the "actual expense" reimbursement for travel to certain designated high cost areas has increased from $50 to $75 per day. Mileage reimbursement has increased from 20¢ to 33¢ per mile.

• Public Law 96-391 provides for notification or loss or reduction in civil service survivor benefits to spouses of Federal employees. It requires that, before a married employee's election to waive an annuity for his or her surviving spouse could be considered valid, the employee would have to establish to the satisfaction of OPM that either the spouse had been notified of the absence of survivor benefits or the employee had complied with notification requirements prescribed by OPM. The law imposes the same notice requirement in cases where a survivor annuity is provided but where it is based on less than the full amount of the employee's annuity.

These provisions will eliminate the unfortunate cases where a spouse discovers only upon the death of the retiree that no survivor benefits have been provided. While not limiting the employee's right to choose an annuity that is not reduced to provide this benefit, the law will protect the spouse's interest in knowing what to expect from the civil service retirement system and allow him or her to make other arrangements for the contingency that the retiree predeceases the spouse.

• Public Law 96-523 provides for the employment of personal assistants for handicapped Federal employees. The Act makes it possible for handicapped employees to receive assistance similar to that already provided for blind and deaf employees. Additionally, the Act authorizes the payment of travel, per diem, and salary for personal assistants who provide service to handicapped employees on travel status. The law will enhance employment opportunities for the physically handicapped and will end a system of treating the needs of handicapped employees differently depending on the nature of the handicap.

• Public Law 96-499, The Budget Reconciliation Act of 1980, makes several changes in the way federal retirement annuities are calculated. Beginning 45 days from enactment of the law, the "look-back" provision is eliminated. "Look-back" gave retirees the same annuity amount they would have received if they had retired in time to gain the most recent cost of living adjustment. The law provides further that the retiree's cost-of-living adjustment will be "prorated" in order to receive one-sixth of the applicable cost-of-living adjustment for each month he or she was on the retirement rolls prior to the effective date of the adjustment.

State Update

California: The State Personnel Board will act as a clearinghouse to coordinate the IPA Mobility program at the State level. It will publicize Federal mobility opportunities to State employees, screen applicants and make referrals of qualified individuals.
Connecticut: Under the Management Incentive Plan, 80 managers in five pilot agencies have received merit pay increases from 3.5 to 7 percent.
Georgia: A study group was convened by the Commissioner of the State Merit System to investigate the feasibility of an SES for State executives.
Maine: (1) The Committee on State Government will propose several personnel system changes including: decentralization of personnel management functions and an employee award system for costcutting suggestions. (2) The Governor has instituted a cabinet level task force to examine the process of awarding merit increases to State employees. Currently, merit increases are awarded to more than 95 percent of employees eligible for them.
Massachusetts: An omnibus civil service reform bill was filed before the Legislature, containing such provisions as elevation of the Division of Personnel Administration to a department; delegation of personnel functions to agencies; establishment of a performance evaluation system; changing absolute veterans' preference to a point allowance on exams; decentralization of personnel functions to municipalities; and creation of a career executive service.
Michigan: (1) New rules and regulations for the Classified Executive Service have been prepared for the approval of the State Civil Service Commission. As now constituted, it would cover about 200 higher level management positions having direct impact on the operating policies of State agencies. (2) The State Civil Service Commission has approved a rule change permitting waivers of job preference provisions, based mainly on seniority, if a department can demonstrate that following normal processes would directly result in underemployment of underrepresented groups. (3) Under a Voluntary Pay Reduction Plan, State government employees can: a) take up to eight hours off every two weeks, receiving pay only for the hours actually worked but receiving full-time credit for benefits, b) work a full 80 hours each two weeks but have up to eight hours credited as earned annual leave rather than paid time, or c) take unpaid leaves of absences of up to three months.
New Jersey: The Governor has created a Division of Public Interest Advocacy. The Division has filed suit against the State Department of Civil Service for discriminating against minorities and women in its selection practices and for failing to show any test validity for selection procedures.
New York: The State Department of Civil Service has issued a new model transfer rule, eliminating a number of requirements inhibiting transfers.
Pennsylvania: The State Civil Service Commission has established a unit to provide personnel selection services to local governments. One project is to develop common tests for jobs where selection requirements at State and local levels are highly similar.
South Carolina: The State's Reorganization Commission is studying the feasibility of a senior executive service for top State government executives.

Local Update

District of Columbia: The City will design and install a performance appraisal system.
Douglas County, Oregon: The County Board of Commissions has passed an ordinance limiting county government employees to 1.15 percent of the county's population, which corresponds to the recently enacted limit on State government employment.
Gillette, Wyoming: The City is implementing a merit pay system tied to performance appraisal.
New York, New York: The Mayor has encouraged all City agencies to implement alternative work schedule projects such as "flextime," staggered schedules, part-time compressed work schedules, and job sharing in an effort to increase productivity, enhance opportunities for minorities and handicapped individuals, and promote satisfaction among current employees.
Pine Ridge, South Dakota: The Oglala Sioux Tribal Council has authorized a personnel management review of Tribal government operations to identify its needs and problems and any characteristics which may affect efforts to develop the Tribal personnel system and management capacity.
Weld County, Colorado: A performance based pay system has been implemented. Employees and supervisors receiving performance ratings of "well above average" (limited to no more than 25 percent of all employees and 25 percent of all supervisors) are eligible to receive annual bonuses equal to 5 percent of annual pay. Feedback has been "excellent."
Woodward County, Oklahoma: Under the President's Small Community and Rural Development Policy, Oklahoma State University will undertake a pilot project to automate many county government functions. The project will include developing training courses, procedural information and "packaging" the project to enhance transferability.

Washington county will also be included in the development and testing of the model program. In addition the Southern Rural Development Center of Mississippi State University has requested participation and has offered funding to include one rural Mississippi county in this project.

LETTERS

A retired (and now dead) official of the Reclamation Bureau, who served out the Brahmanic period of his life as a consultant, defined his second career as that of "a damn fool away from home." The characterization is apt for a lot of consultants I know, including myself. We are like dogs on a leash (held by our clients, of course), sticking our noses in a lot of places and littering the governmental landscape, as often with waste as with worthy insights.

But the notion that we get our contracts as a result of conspiring with the client is, at least in my experience, not always the case. Take my last contract with a major domestic agency. The task was to examine a policy option, one which the client wanted to opt for. It so happened that I had an excellent background discussing this option, but wasn't why I was hired. had never met the client or any of his associates. got the contract because my friend George (not his real name) was suffering a temporary embarrassment of riches.

George retired from the Foreign Service last January. He was a class one officer earning about $50,000 on his retirement. His pension is in the neighborhood of $35,000. Under the rules of the game he could earn without penalty the difference between his pension and his salary at retirement. He was offered the contract first. He called me up to ask if I would be interested. He figured he would have to kick back half of the fee in the form of a reduction in his pension. (He had another contract with another government agency.)

It was a friendly thing he did for me. I think I was somewhat better equipped than he to do the job, but the difference wasn't great. In any event the client was very pleased; I happen to think his policy option is a good one.

And what is the moral of this story? Perhaps it is that indexed government pensions can be a boon to unpensioned consultants.

Nathaniel McKitterick
Alexandria, VA

"Public Information in Government (Summer 1980) skirted the perennial question: "Why is Public Information (public affairs) not recognized and professionally accepted by government management?"

The answer may well lie in the results of a baseline survey of directors of public affairs I completed in connection with a master's thesis at The American University.

The conclusion is this: Directors of Public Affairs are long on communication capability but short on managerial capability. And if directors are not efficient managers, how can they expect their staffs and subordinates to be management oriented and earn the professional respect of other managers?...

Public affairs directors must communicate with, and involve, their staffs and subordinates more effectively. And public affairs must march to the same managerial drummers as those who make the major policy and program decisions....

Public affairs is not illegal, immoral, or ill-begotten. Such charges stem from a misinterpretation of the infamous Gillett Amendment of 1913 which has (intimidated) public affairs for much too long. "Appropriated funds may not be used to pay a publicity expert unless specifically appropriated for that purpose." Thus the function (it is no longer publicity, as everyone should know) is **not** prohibited, (it is) just that funds for it must be identified. Therefore public affairs is a legitimate management tool, imprecise as it may currently be.... Public affairs must come out of the professional closet.

David H. Brown
Rockville, MD

I was very impressed with the article "From Zero to Confusion in 6000 Years" (Management, Summer 1980).... I have worked as a government engineer... for 23 years and have seen more than my share of "management tools" that eventually do more harm than good. Somehow the message in this article has to be elevated to minimize the proliferation of "management for management's sake."

Richard E. Moell
Huntington Beach, CA

The article by Labovitz summarized (Managers' Reading Digest) in the Fall 1980 issue sounds as (if) it's stolen, lock, stock, and barrel, from Mary Parker Follett. Better to acknowledge the source than to give credit to someone who is just summarizing a classic.

Douglas Fox
Western Connecticut State College
Danbury, CT

I have just read Ambrose Klotz's article ("Better is the Enemy of Good Enough," Fall 1980). As a federal personnelist who is often frustrated by the overregulation of our civil service system, all I can say is, he hit it right on the nose: better is sometimes worse!

Gerald W. Markham
Chicago, IL

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Please rate the following as: (1) very interesting, (2) interesting, (3) not interesting.

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Ideal article length? 1-3 pages ____ 4-6 pages ____ More than 6 ____
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